

**ARIZONA STATE PARKS BOARD
ARIZONA STATE PARKS BOARD ROOM
1300 W. Washington St, Phoenix, AZ
APRIL 29, 2010
MINUTES**

Board Members Present

Reese Woodling, Chairman
Tracey Westerhausen, Vice Chairman
William Scalzo
Walter Armer

Board Members Absent

Maria Baier
Larry Landry
Alan Everett

Staff Members Present

Renée Bahl, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Kent Ennis, Assistant Director, Administration
Monica Enriquez, Executive Assistant
Jeanette Hall, Chief, Human Resources
Janet Hawks, Chief, Parks

Attorney General's Office

Laurie Hachtel, Assistant Attorney General

**A. CALL TO ORDER FOR EXECUTIVE SESSION - ROLL CALL - Time Certain:
8:30 A.M.**

Mr. Armer made a motion for the Board to go into Executive Session. Ms. Westerhausen seconded the motion and it carried unanimously.

Chairman Woodling called for Executive Session at 8:35 a.m. Roll Call indicated a quorum was present.

B. EXECUTIVE SESSION - Upon a public majority vote, the Board may hold an Executive Session that is not open to the public for the following purposes:

- 1. To discuss or consult with its legal counsel of legal advice on matters listed on this agenda pursuant to A.R.S. §38-431.03.A.3.**
 - a. Legal advice regarding proposed legislation and agreements and/or leases for operations, maintenance, and capital improvements at Lake Havasu State Park (Windsor Beach).**

C. CALL TO ORDER - ROLL CALL

Roll Call indicated a quorum was present.

D. INTRODUCTIONS OF BOARD MEMBERS AND AGENCY STAFF

1. **Board Statement** - "As Board members we are gathered today to be the stewards and voice of Arizona State Parks and its Mission Statement to manage and conserve Arizona's natural, cultural, and recreational resources for the benefit of the people, both in our parks and through our partners."

The Board did not read the Board Statement or make introductions as no public attended.

- E. CALL TO THE PUBLIC** – Consideration and discussion of comments and complaints from the public. Those wishing to address the Board must register at the door and be recognized by the Chair. It is probable that each presentation will be limited to one person per organization. Action taken as a result of public comment will be limited to directing staff to study or reschedule the matter for further consideration at a later time.

F. BOARD ACTION ITEMS

1. **Options for operations, maintenance and capital improvements at Lake Havasu State Park.** Staff recommends the Arizona State Parks Board direct staff to pursue discussions with Lake Havasu City, Bureau of Land Management (BLM), and other interested parties regarding agreements that will enhance the future amenities and services at Lake Havasu State Park and direct staff to draft an agreement for the continuous operation of Lake Havasu State Park should the Arizona State Parks Board determine there is insufficient state money and it is in the best interest of the state to close the park.

Ms. Bahl said Arizona State Parks received a letter from Lake Havasu City on February 10, 2010 requesting Arizona State Parks to lease Lake Havasu State Park for a 25-year period for \$50,000 per year. At the March 17, 2010 Board meeting the Board unanimously voted to have Arizona State Parks continue operations of Lake Havasu State Park. Meanwhile there was legislation introduced. She said the bill would force a lease of Lake Havasu State Park to the City for a 25-year period for no more than \$50,000 per year. The bill by Sen. Gould was amended on April 26, 2010. These amendments are included in these minutes. The bill died the evening of April 28, 2010 and is now not going forward.

She said she and Mr. Scalzo had a conference call with the Mayor and Interim City Manager of Lake Havasu City last week and they said it is important to their economy that Lake Havasu State Park stay open. The City stated at the meeting that they have \$2.4 million in shoreline acquisition money that could be used for capital improvements at the Park. She said in this meeting the City stated they can use this money if they lease the Park. Chairman Woodling asked what the fund is called? Ms. Bahl answered that the City's fund is called the Shoreline Acquisition Fund. Chairman Woodling asked if Ms. Bahl knew where this money comes from? Ms. Bahl said the money comes from Lake Havasu City's general fund.

Ms. Bahl reminded the Board to renew is the Revenues and Expenditures for Lake Havasu State Park. (These are included with these minutes). She said in FY 09, Lake Havasu State Park made a net profit of \$38,000. Since that time Arizona State Parks has cut expenditures by moving staff to meet season demands. This has decreased overall operational costs, and the Board voted previously to increase fees beginning on March 1, 2010. She said that between reducing operating costs and increasing revenues through the new fee structure, Arizona State Parks is headed toward a much bigger profit this year. She referred to the chart on Revenues and said Lake Havasu State Park has already brought in \$100,000 more in revenues than last year at the same time. She said that last year, at this time, Lake Havasu State Park had an operating loss for the first three quarters of over \$100,000 and this year the Park has an operating profit of over \$90,000. She said that the goal was to bring in \$205,000 this year and she still feels that this is a good estimate. Chairman Woodling asked Ms. Bahl to explain why he has heard estimates of \$400,000 to \$450,000. Ms. Bahl explained that the estimate for this fiscal year (fiscal year 10) has always been, since January when this was first reported to the Board, \$205,000. However, she said in the next fiscal year (fiscal year 11) which begins on July 1, 2010, the estimate is a little over \$400,000. She said this is because of the increased fees for the entire fiscal year and coupled with the reduced expenditures. She said that visitation to the Park has increased as well. The ultimate revenue for the year will depend on the visitation for the year.

Ms. Bahl said that on the conference call with Lake Havasu City she committed to having this Board meeting to talk about this topic to try to find a mutually beneficial solution. She said there is no doubt there are capital improvement needs at the park and more parking is needed. The City wants a long-term lease agreement for the operations of the Park and to keep the revenues; The City is open to some sort of revenue sharing. Ms. Bahl said the staff recommendation is that Arizona State Parks work with Lake Havasu City, Bureau of Land Management, and other interested parties regarding agreements to enhance the future amenities and services at Lake Havasu State Park and the Arizona State Parks Board direct staff to do two things. One is draft an agreement for the continuous operation of Lake Havasu, if the Board and only the Board, decides there is both insufficient state money and it is in the best interest to close the Park. Secondly to have discussions on enhancing the future amenities and services. She said continuous operation is what the City has asked for. Ms. Bahl said the City fears that with the State Budget situation that the State will suddenly close the Park and it the closure will hurt the City's economy. She said she sent Lake Havasu City a letter on

February 25, 2010 stating that would be State Parks' intent. She said the City has said they would like an agreement to ensure a smooth transition so the park does not close to public use.

Ms. Westerhausen made a motion to go into an executive session to discuss an agreement for continuous operation. There was not a second and the motion died. Chairman Woodling said that he hoped there would be a motion to vote on the staff recommendation but he said he felt that there needed to be more discussion on this issue. Mr. Scalzo said he wanted to make a motion that was different from the staff recommendation.

Bill Scalzo: I move that the Arizona State Parks Board direct staff to prepare the following:

- 1) Cost analysis specifically looking at total cost and revenues under Arizona State Parks operations of Lake Havasu State Park.
- 2) Re-evaluate fees and potential revenue at Lake Havasu State Park.
- 3) Provide analysis of types of feasible agreements for operations. They could include intergovernmental agreement (IGA), lease, memorandum of understanding (MOU), concessions or any other option.
- 4) If Arizona State Parks pursues a lease, complete due diligence including appraisal of the properties in question.
- 5) Work with Bureau of Land Management (BLM) on conditions of lease, privatization and any other types of agreements.
- 6) Prepare a capital improvement plan for Lake Havasu State Park.

Mr. Armer seconded the motion. Chairman Woodling asked for discussion on the motion. Mr. Scalzo said that Lake Havasu State Park includes Contact Point and Windsor Beach and these will be included in the evaluation of fees and potential revenue. Ms. Westerhausen asked about the staff recommendation. She asked about the language that said "insufficient state money" and asked if that meant insufficient state money in the whole State Parks system or if that meant insufficient state money coming from Lake Havasu State Park or is that the same thing? Ms. Bahl answered that the recommendation did not distinguish that. She said Lake Havasu State Park did request the operational agreement if the State shutdown. She said this did happen in July of 2009 when the Legislature did not approve a budget before the beginning of the fiscal year and State Parks had to evacuate camping parks. Ms. Bahl said she sent Lake Havasu City Interim City Manager Charlie Cassens a letter dated February 25, 2010. This letter is included with these minutes.

Ms. Westerhausen asked how quickly staff could move on the list of items from the motion on the floor. Ms. Bahl answered that some of them can be handled quickly but others may take longer. Chairman Woodling asked if this is enough to stop another bill from coming back in another Legislative session? Ms. Bahl answered no. She said that this would not be enough because the City wants a long-term lease. However, she said a motion such as this shows a business-minded proactive Board. The motion on the floor was voted on and passed unanimously with Ms. Baier, Mr. Landry and Mr. Everett absent.

In order for further discussion Ms. Westerhausen made a motion. **Tracey Westerhausen**: I move the Arizona State Parks Board enter into an agreement for the continuous operation of Lake Havasu State Park should the Arizona State Parks Board determine there is both insufficient state money and it is in the best interest of the state to close the Park. The motion was not seconded and the motion died.

Wally Armer: I move that the Arizona State Parks Board endorse the February 25, 2010 letter to Interim City Manager Charlie Cassens sent by our Director Renée Bahl. The letter is included with these minutes. Mr. Scalzo seconded the motion. Chairman Woodling asked for discussion on the motion on the floor. Ms. Westerhausen asked why it is a problem to enter into an agreement when it is something Arizona State Parks is likely to do anyway. Mr. Armer said it is because the Board does not know what it can and cannot do at this point without talking with BLM. Mr. Scalzo said that the intent of the first motion was to continue to meet with Lake Havasu City and hopefully come up with something that will work for both Arizona State Parks and Lake Havasu City. Mr. Ziemann clarified the issue by saying Lake Havasu City would like Arizona State Parks to say if something happens with the budget and Lake Havasu State Park is forced to close that Arizona State Parks will make an agreement with Lake Havasu City. He said, however as Mr. Armer pointed out, Arizona State Parks does not know if it can have an agreement with Lake Havasu City until there is discussion with BLM. He said the commitment in the February 25, 2010 letter is to keep Lake Havasu State Park open to the public but Arizona State Parks does not know at this point whom the agreement will be with.

The Board then voted on the motion on the floor. The motion passed unanimously with Ms. Baier, Mr. Landry and Mr. Everett absent.

G. TIME AND PLACE OF NEXT MEETING AND CALL FOR FUTURE AGENDA ITEMS

1. Staff recommends that the next Arizona State Parks Board Meeting be on May 19, 2010 in the Valley.
2. Board members may wish to discuss issues of interest to Arizona State Parks and request staff to place specific items on future Board meeting agendas.

Chairman Woodling said the next meeting is scheduled for May 19, 2010 and asked Ms. Bahl if a location has been decided. Ms. Bahl answered that it will be at the State Parks offices in Phoenix.

Chairman Woodling asked the Board if they had any agenda items for the May 19 meeting. Mr. Armer said he would like to discuss ways to best approach the Legislature and with which legislators might there be the most success. Ms. Westerhausen agreed and made a suggestion to talk with candidates for Legislature in the future to find out their thoughts on privatizing or if the Parks have their place as a state gem. Ms. Bahl suggested some of these items are better suited for the June meeting. This meeting is already being planned with big picture items.

H. ADJOURNMENT

Ms. Westerhausen motioned to adjourn. Mr. Scalzo seconded the motion and the meeting adjourned at 10:35 a.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the acting ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

APPROVED:

Reese Woodling

Reese Woodling, Chairman

Renée E. Bahl

Renée E. Bahl, Executive Director